

Message Text

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PAGE 01 LONDON 01655 021845Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01 SAJ-01

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R 021740Z FEB 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8635

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

AMEMBASSY MOSCOW

C O N F I D E N T I A L LONDON 01655

E.O. 11652: GDS

TAGS: ETRD, EFIN, UK, UR

SUBJECT: USSR UTILIZING LITTLE OF UK CREDIT LINE

1. THE USSR HAS USED ONLY 30 MILLION POUNDS OF THE
950 MILLION POUND UK CREDIT LINE THAT WAS AGREED TO
DURING PRIME MINISTER WILSON'S VISIT TO MOSCOW A YEAR
AGO. DEPARTMENT OF TRADE OFFICIALS HERE ATTRIBUTE
THIS SLOW BEGINNING LARGELY TO FACT THAT SOVIET
UNION'S NEW FIVE-YEAR PLAN WILL NOT BE OFFICIALLY
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PAGE 02 LONDON 01655 021845Z

APPROVED UNTIL THE PARTY CONGRESS THIS MONTH.

2. CREDITS TO DATE HAVE BEEN FOR A NUMBER OF SMALL PROJECTS, INCLUDING EQUIPMENT FOR A SPARK PLUG FACTORY AND A POLYESTER FACTORY. LARGEST SINGLE CREDIT WAS FOR SDVEN MILLION POUNDS.

3. WE UNDERSTAND THE TWO INTEREST RATES UNDER THE CURRENT AGREEMENT ARE 7.0 AND 7.35 PER CENT (RATHER THAN 7.2 TO 7.5 RANGE REPORTED IN MOSCOW 2301). ONLY VERY LARGE CONTRACTS ARE ENTITLED TO LOWER FIGURE AND ALL OROJECTS TO DATE HAVE BEEN AT 7.35 PER CENT RATE.

4. THE ANTICIPATED 50 MILLION PO.UND CREDIT FOR TIMBER INDUSTRY DEVELOPMENT IN WESTERN SIBERIA IS STALLED AND NO ACTION IS EXPECTED IN THE NEAR FUTURE. WHILE UK OFFICIALS DID NOT GIVE SPECIFICS. THE MAIN PROBLEMS APPEAR TO BE SITE LOCATION AND WHAT PRODUCTS WILL BE TAKEN IN PAYMENT FOR UK EQUIPMENT. IN GENERAL. CHEMICAL AND PETRO-CHEMICAL PROJECTS ARE MOST SOUQHT AFTER BY UK ALD APPARENTLY THERE ARE A NUMBER UNDER NEGOTIATION.

5. PROVISIONAL ADVANCE UK/USSR TRADE FIGURES FOR 1975 SHOW A CONSIDERABLE IMPROVEMENT FOR UK. 1974 UK DEFICIT OF 285 MILLION POUNDS ON TRADE ACCOUNT WAS CUT TO 201 MILLION POUNDS IN 1975. RATIO IN USSR'S FAVOR OF 3.6 TO 1 IN 1974 WAS REDUCED TO 1.9 TO 1 IN 1975. THDRE MAY BE NO CONTINUING POSITIVE TREND FOR UK BECAUSE 1975 FIGURES REFLECT MOSTLY 1973 CONTRACTS AND WE UNDERSTAND FLOW OF ORDERS DID NOT CONTINUE AT THE SAME HIGH LEVEL IN 1974 AND 1975 SPECIFIC PROVISIONAL ADVANCE TRADE FIGURES ARE (IN THOUSAND POUNDS):

	UK IMPORTS (CIF)	UK EXPORTS (FOB)	
	FROM USSR	TO USSR	
1974	395.457	110,016	
1975	411.554	210.529	

(NOTE: EXPORTS INCLUDED RE-EXPORTS) SPIERS
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PAGE 03 LONDON 01655 021845Z

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